2013 Jefferies Global Energy Conference

Jefferies M&A Market Teach-In

November 12-13, 2013 / Confidential

Executive Summary

M&A Market	Slow 2013 but lots of momentum for 2014
Public Equity Market	Market wide open for IPOs, follow-ons, etc.
Public Debt Market	Search for yield continues to drive low rates for credits across the board
Private Equity	More capital, more flexibility, more investors

Evolution of the North American Shale M&A Market

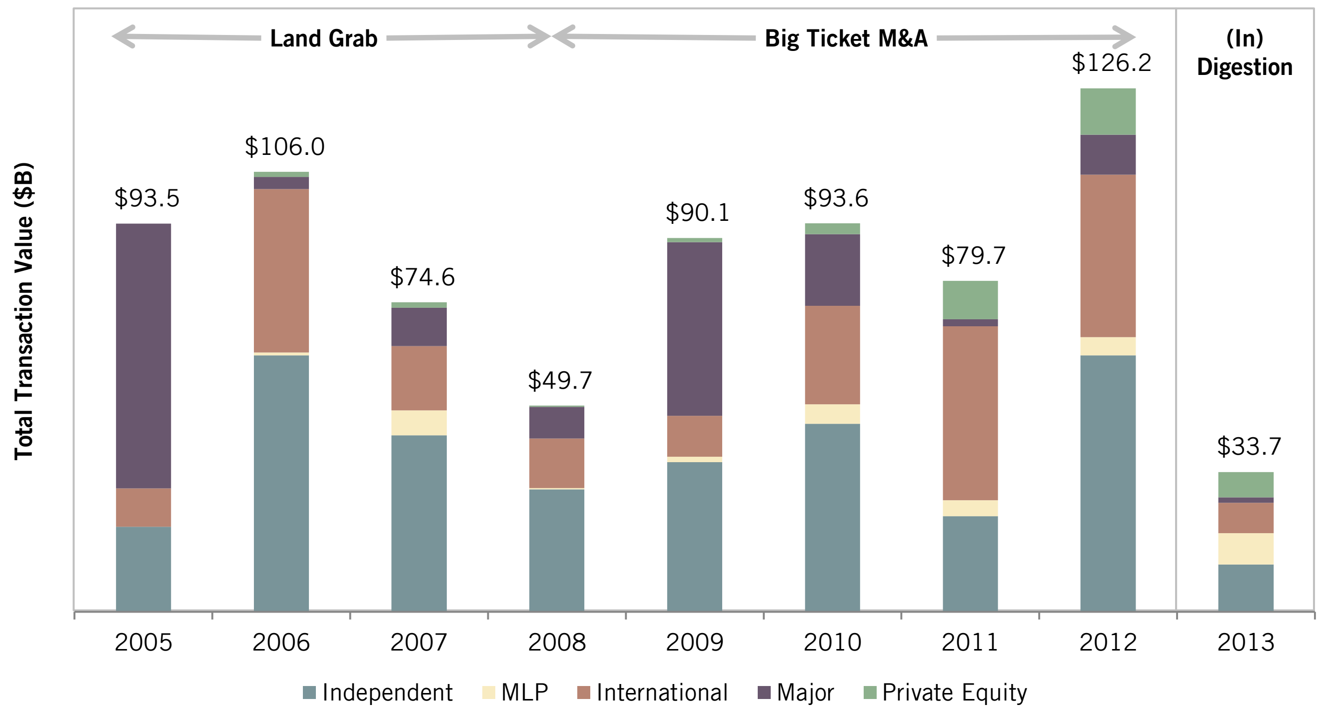
($Billions)

Key Points

- 3 distinct time periods in shale / resource deal flow
  - Land Grab: $75 B per year
  - Big Ticket M&A: $100 B per year
  - Today: ~$40 B annualized in 2013

Era	Years	Shale / Resource	Conventional	Total
Land Grab	2005-2008	$ 251	$ 73	$ 324
Big Ticket M&A	2009-2012	299	91	390
(In) Digestion	2013 YTD	20	14	34
Total		**$ 569**	**$ 178**	**$ 747**

North American M&A ($B) – Shale / Resource and Conventionals

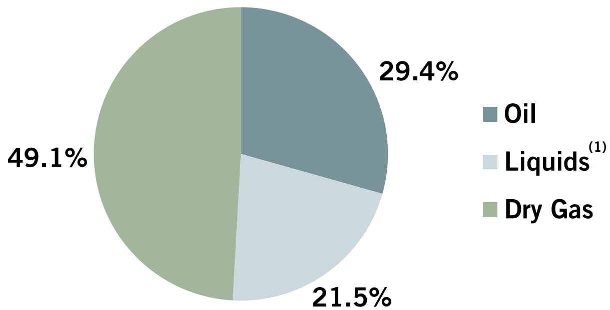


Source: IHS Herold.
Note: Includes onshore and offshore transactions greater than $250 million.

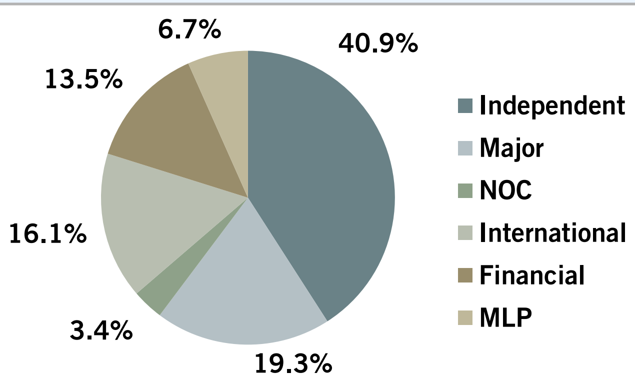
Majority of Historical Transactions Have Currently Uneconomic Undeveloped Resources

- Since 2008, there have been more than $400 B in U.S. onshore transactions
- Of the total, 67% of the deals contain undeveloped resources that are uneconomic today
- This poor performance means that more portfolio re-shaping is inevitable

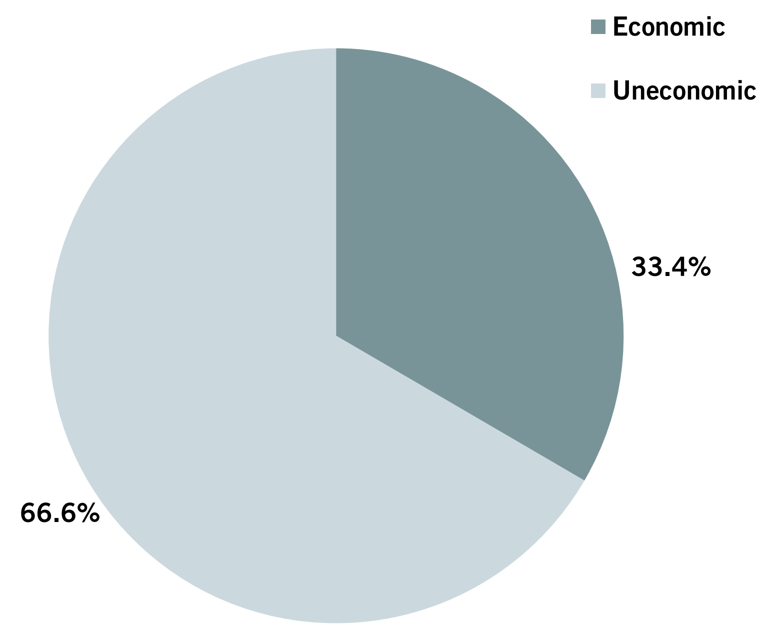
Transactions by Resource Since 2008



Transactions by Buyer Type Since 2008



% Economic Inventory (2)

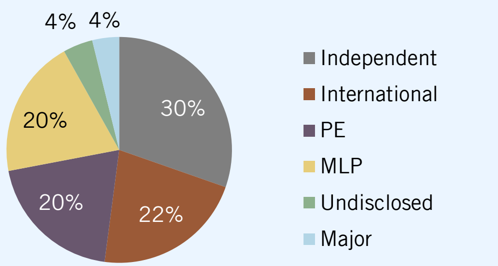


(1) Includes dry gas.
(2) Reflects Jefferies' estimates.

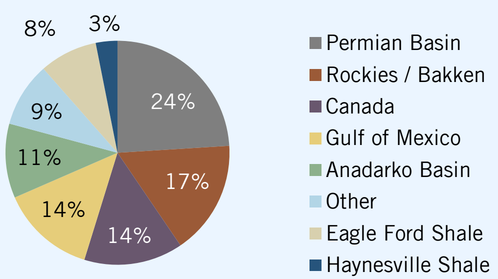
Current M&A Activity

All North American Transactions Year to Date Over $250 Million

YTD Deal Volume by Buyer Type ($33.7 B)



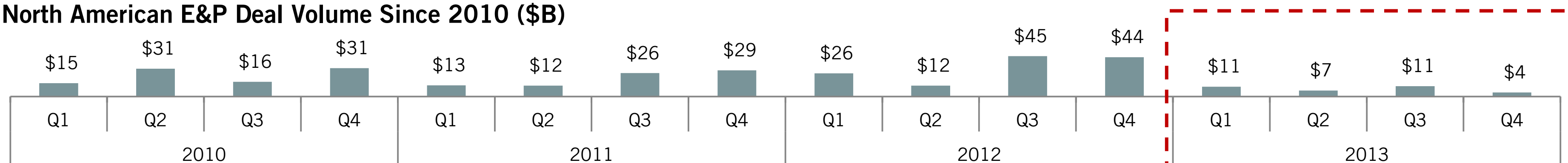
YTD Deal Volume by Basin ($33.7 B)



- 2010–2012 average annual M&A volume of $100+ B
- 2013 annualized M&A volume of ~$40 B

Date	Buyer	Buyer Type	Seller	Resource Play	Transaction Value ($MM)	Nymex 12 Month Strip	
						Oil (WTI)	Gas (HHub)
11/8/2013	Progress Energy Canada (Petronas)	International	Talisman Energy Inc.	Montney	$ 1,430	$ 94.41	$ 3.58
11/6/2013	Undisclosed	Undisclosed	Penn West Exploration	Alberta	466	92.76	3.61
10/23/2013	Undisclosed	Undisclosed	Bill Barrett Corporation	Rocky Mountains	371	96.67	3.78
10/21/2013	Ultra Petroleum	Independent	Undisclosed	Uinta Basin	650	98.62	3.95
10/25/2013	Caelus Energy	Independent	Pioneer Natural Resources Company	Alaska	550	94.74	3.81
10/3/2013	Templar Energy (First Reserve)	PE	Forest Oil	Anadarko Basin	1,000	99.29	3.77
9/12/2013	Undisclosed	Undisclosed	Halcon Resources	Other	302	100.79	3.80
9/12/2013	Linn Energy	MLP	Undisclosed	Permian Basin	525	100.79	3.80
9/5/2013	Oasis Petroleum	Independent	Zenergy / Magnum Hunter	Bakken Shale	1,515	100.99	3.91
9/4/2013	EV Energy Partners (EnerVest)	MLP/PE	Carrizo Oil & Gas	Barnett Shale	268	101.79	3.90
9/3/2013	Shaanxi Yanchang Petroleum	International	Novus Energy	Western Canada	305	101.17	3.85
8/27/2013	Whiting Petroleum	Independent	Undisclosed	Rocky Mountains	260	100.16	3.81
8/12/2013	Pioneer Natural Resources	Independent	Pioneer Southwest Energy Partners	Permian Basin	636	99.70	3.55
8/8/2013	Exxon Mobil / Imperial Oil	Major	ConocoPhillips	Canada Oil Sands	720	98.94	3.56
8/5/2013	Chevron	Major	Alta Resources	Duvernay Shale	580	100.47	3.65
7/18/2013	Fieldwood Energy (Riverstone)	PE	Apache	Gulf of Mexico	3,750	100.69	3.83
7/16/2013	TORC Oil & Gas	Independent	Pengrowth Energy	Western Canada	491	100.12	3.87
7/15/2013	Memorial Production Partners	MLP	Memorial Resource Development	Permian Basin	606	99.88	3.85
7/15/2013	Meidu Holding	International	Woodbine Acquisition	Eagle Ford Shale	535	99.88	3.85
7/3/2013	EXCO (KKR)	Independent/PE	Chesapeake Energy	Eagle Ford Shale	680	95.46	3.84
7/3/2013	EXCO (KKR)	Independent/PE	Chesapeake Energy	Haynesville Shale	320	95.46	3.84
6/26/2013	Undisclosed	Undisclosed	Antares Energy Limited	Permian Basin	300	92.44	3.84
6/24/2013	BreitBurn Energy Partners	MLP	Whiting	Anadarko Basin	860	91.18	3.94
6/17/2013	WildHorse Resources (NGP)	PE	EP Energy	Eagle Ford Shale	500	96.19	3.91
6/10/2013	Atlas Energy	Independent	EP Energy	Haynesville Shale	733	94.55	3.99
6/3/2013	Kodiak Oil & Gas	Independent	Liberty Energy	Bakken Shale	660	90.93	4.12
5/31/2013	Wapiti Energy	Independent	Layline Petroleum	Gulf Coast Onshore	375	92.31	4.16
5/21/2013	EnerVest	PE	Laredo Petroleum Holdings	Permian Basin	438	95.39	4.26
4/30/2013	Contango Oil & Gas	Independent	Crimson Exploration	NEBC, Canada	428	93.15	4.50
4/23/2013	Endurance Energy (Warburg Pincus)	PE	Encana	Western Canada	395	88.76	4.40
4/15/2013	Centrica / Qatari	International	Suncor Energy	Anadarko Basin	986	91.19	4.38
4/4/2013	Midstates Petroleum	Independent	Panther Energy	Eagle Ford Shale	620	93.98	4.11
4/3/2013	Penn Virginia	Independent	Magnum Hunter Resources	Barnett Shale	401	96.54	4.17
3/29/2013	Tokyo Gas	International	Quicksilver Resources	Eagle Ford Shale	485	96.26	4.20
3/18/2013	Sanchez Energy	Independent	Hess	Permian Basin	265	93.31	4.08
3/15/2013	Rosetta Resources	Independent	Comstock Resources	Anadarko Basin	768	92.85	4.02
3/5/2013	Marubeni	International	Anadarko Petroleum	Gulf of Mexico	860	90.85	3.81
2/26/2013	Vanguard Natural Resources	MLP	Range Resources	Mississippi Lime	269	93.79	3.71
2/25/2013	Sinopec	International	Chesapeake	Permian Basin	1,020	93.77	3.60
2/21/2013	Linn Energy	MLP	Berry Petroleum	Permian Basin	4,300	95.73	3.59
1/30/2013	Sinochem	International	Pioneer Natural Resources	Rocky Mountains	1,700	97.77	3.52
1/15/2013	Denbury Resources	Independent	ConocoPhillips	Rocky Mountains	1,050	95.04	3.61
1/3/2013	Hilcorp Energy	Independent	Forest Oil	Gulf Coast Onshore	325	94.23	3.50

North American E&P Deal Volume Since 2010 ($B)



Source: IHS Herold.

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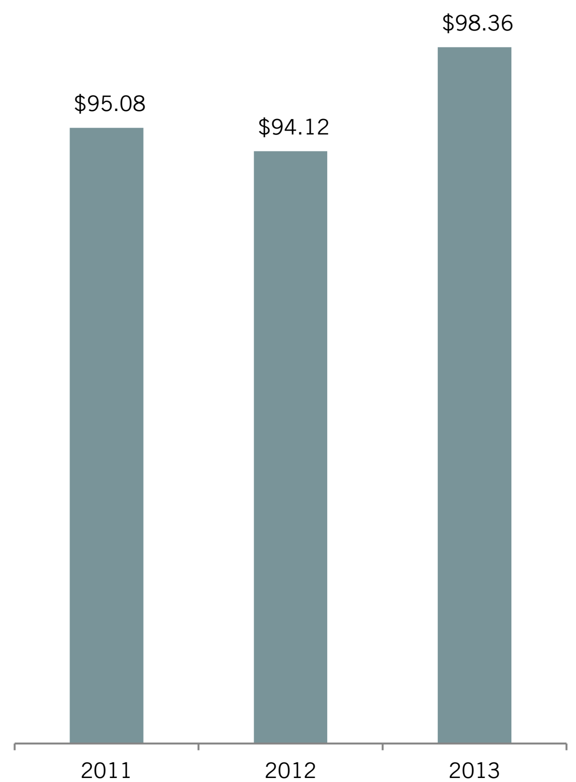
Favorable Backdrop for M&A Going Forward

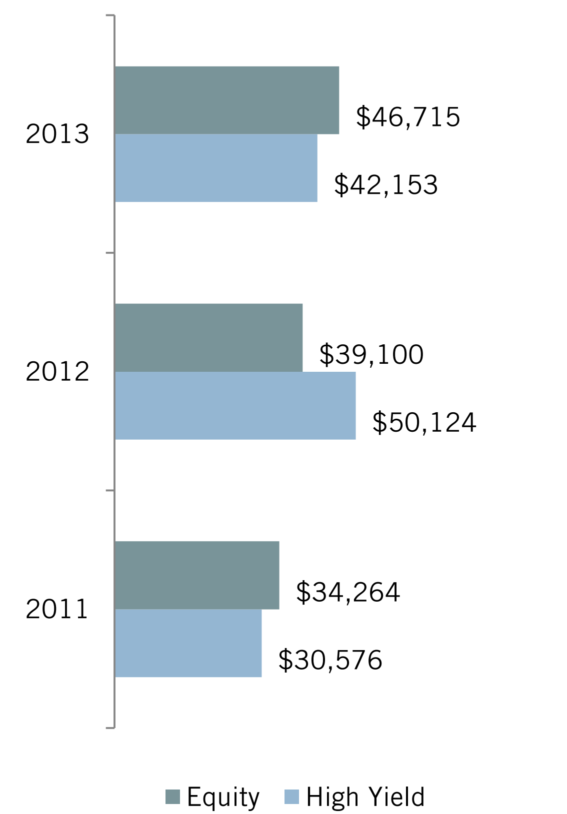
Key Points

- Current buyers are able to take advantage of robust market conditions to acquire opportunities at attractive valuations
- NYMEX WTI remains in $90+ / Bbl range, supporting development of wide range of assets and reflects longer term positive outlook
- Financial institutions are flush with cash and are actively seeking North American E&P investment opportunities
- Historic low bond yields and historic highs in equity markets illustrate the extent to which QE has affected the market
- Continued success of unconventional plays coupled with generally sustained commodity pricing has left companies flush with cash flow

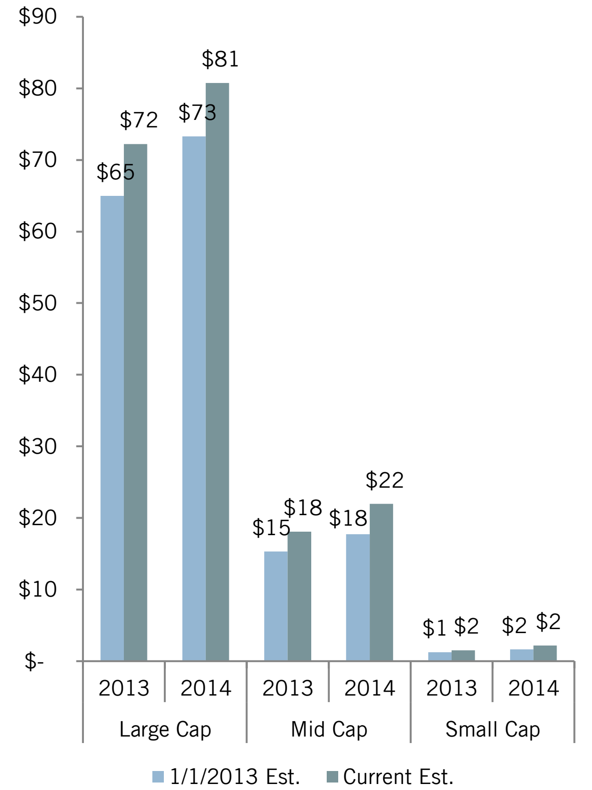
NYMEX WTI Spot Price ($ / Bbl)



Energy Equity and High Yield Volume ($MM)



Increasing EBITDA Estimates ($B) (1)



(1) EBITDA estimates represent sum of estimates for Large Cap, Mid Cap, and Small Cap comp sets; estimates per Wall Street consensus.

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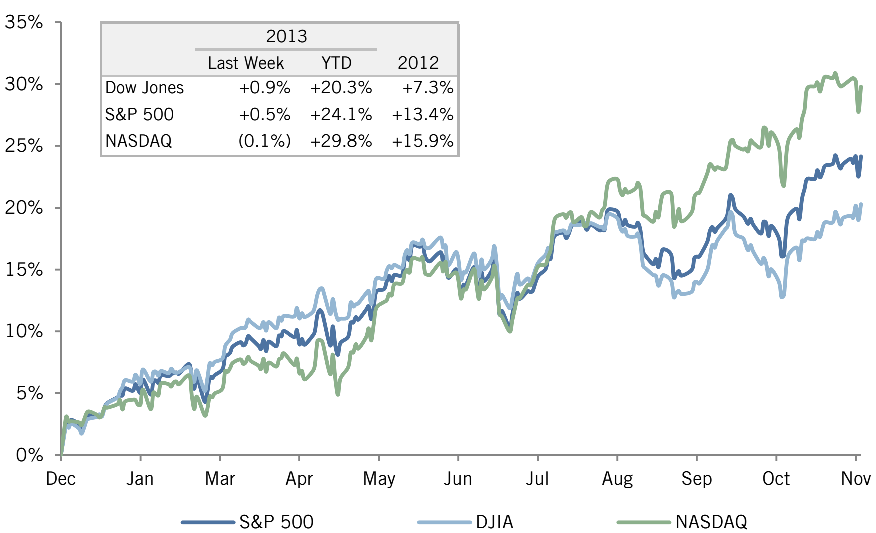
U.S. Equity Markets Continue Their Strong Performance in 2013

Major U.S. Indices Have Continued Marching Higher

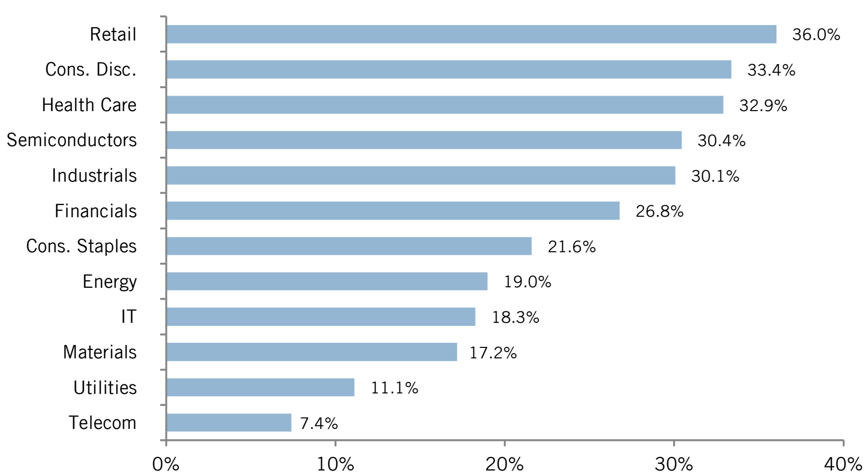


	2013		
	Last Week	YTD	2012
Dow Jones	+0.9%	+20.3%	+7.3%
S&P 500	+0.5%	+24.1%	+13.4%
NASDAQ	(0.1%)	+29.8%	+15.9%

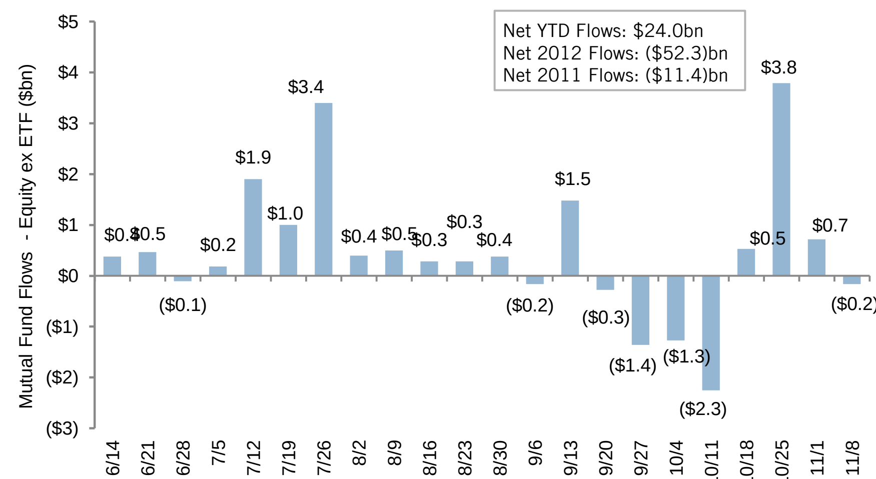
Volatility Has Remained Around the Lowest Levels Since 2007

	2011 - 2013	Since 08/08 high
VIX Change	(26.7%)	(73.1%)
VIX Average	19.0	19.1

Retail, Consumer Discretionary and Health Care Have Been the Top Performing Sectors in 2013



U.S. Equity Fund Flows Have Primarily Remained Positive (ex. ETFs)



Sources: Capital IQ and Bloomberg.

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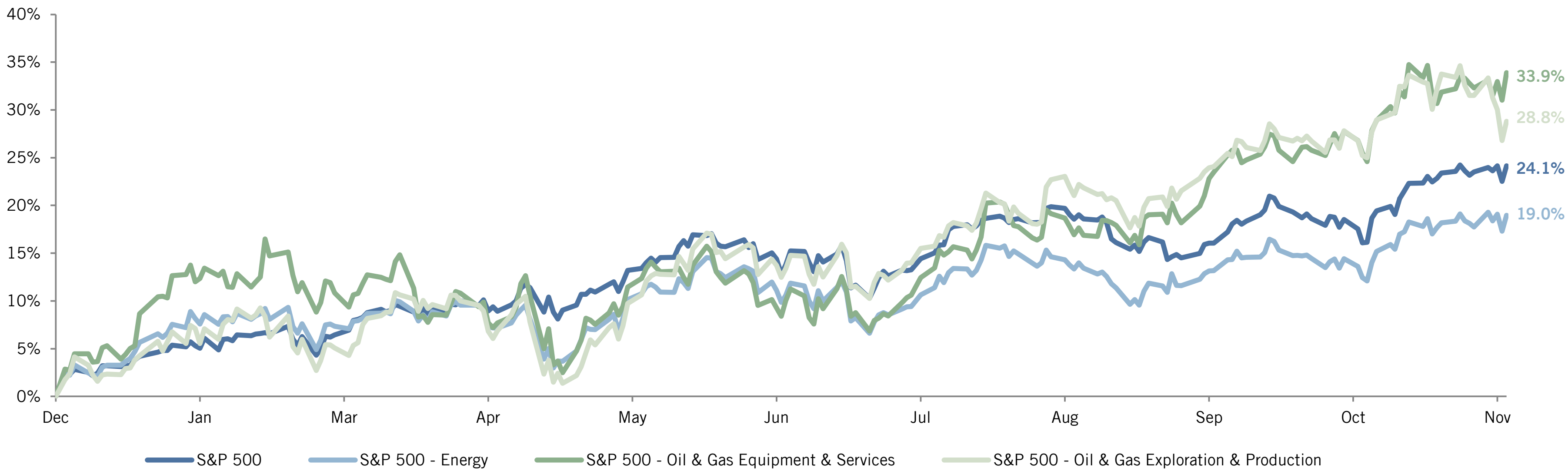
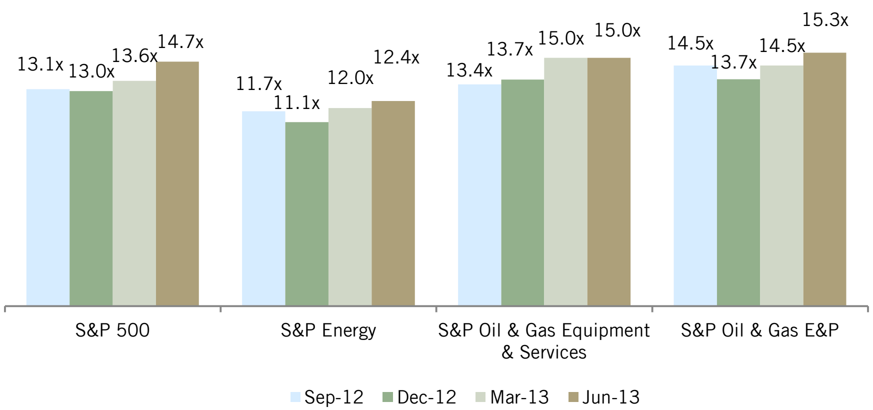
Energy Equity Market Continues to Strengthen

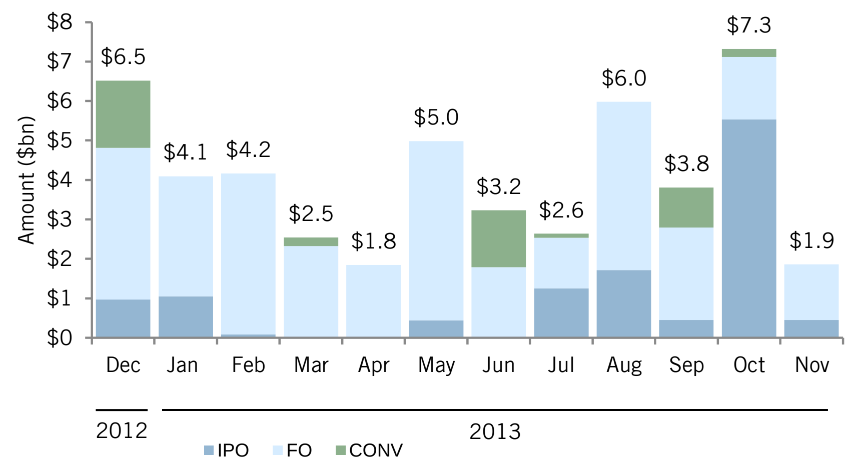
Energy Sectors Have Performed Well Year-to-date



Sector Valuations Have Recovered Off of Lows…



…And Sector Issuance Remains Active



Sources: Dealogic, Capital IQ and Bloomberg.
Note: Valuation represents next 12 months P/E. Issuance excludes close-end funds, SPACS and offerings less than $25 million.

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Substantial Demand for E&P IPOs

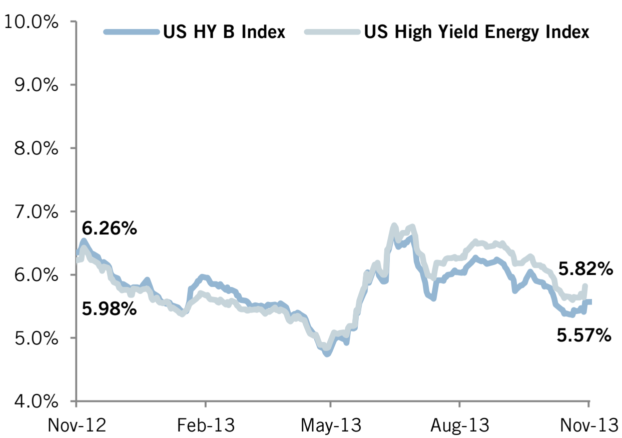
Recent IPO	Antero Resources	Athlon Energy	Diamondback Energy
Pricing Date	October 9, 2013	August 1, 2013	October 11, 2012
Size ($MM)(1)	$1,808	$363	$252
Offer Price	$44.00	$20.00	$17.50
Performance to date(2)	+26%	+45%	+206%
Commentary	▪ Best-in-class resource assets in the Marcellus and Utica with strong operational results to date ▪ Shares offered and price range were upsized due to high investor demand	▪ ~100,000 net acres in the Permian Basin at IPO ▪ Strong operating platform ▪ Drilled 230 Wolfberry wells with a success rate of 99% prior to IPO while operating up to 8 rigs	▪ ~55,000 net acres in the Permian Basin at IPO ▪ Exposure to the Clearfork, Spraberry, Wolfcamp and Cline ▪ Significant well inventory of ~900 locations

(1) Includes overallotment option.
(2) As of November 8, 2013.

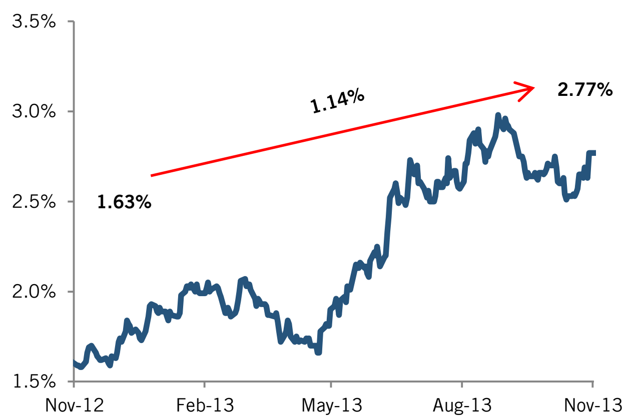
Recent High Yield Market Trends

- **Primary Market Remains Attractive**
  - The primary high-yield market was very active, with 11 deals launching for $3.7 billion
  - Uncertainty around the federal government and fed policy remains a critical driver of high yield market conditions, but the market is currently open and continues to offer near record rates to issuers
  - 2013 high yield volume remains on pace to surpass 2012 which was a record year with $346 billion of issuance
- **High Yield Inflows Return**
  - Retail cash flows for U.S. high yield mutual funds and ETFs experienced a dynamic $753 million inflow this week
  - Outflows this summer have remained a lingering concern, but high yield inflows have surged over the past several weeks, swinging year-to-date inflows to positive for the first time since May
- **High Yield Spreads Declining from Recent Peak**
  - The government shut down did not stop the strong demand for treasuries and the 10-year rate remained well below the critical 3.00% level
  - Concern over Fed policy pushed the 10-year yield to a near 13-month high of over 2.90% as the market began to anticipate tapering, but the rate has retreated closer to 2.60% following the most recent bond purchases announcement
  - The high yield market has shown strength and been much less volatile, with the B index remaining near 6.00% despite the uncertainty

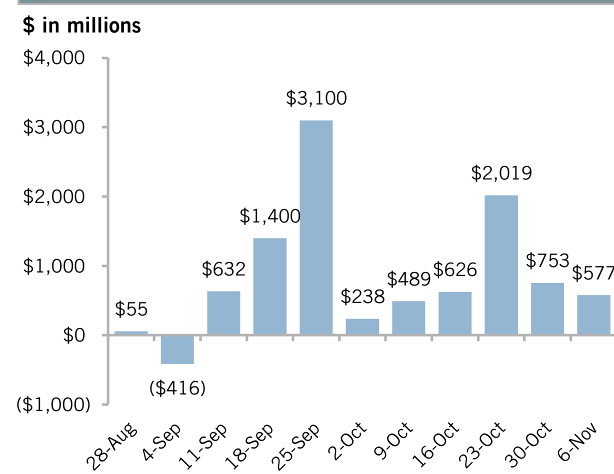
Single B Index



10-Year Treasury Yield



High Yield Mutual Funds and ETF Flows



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Financial Sponsors' Broad Range of Appetite

Key Points

- Investors are increasingly participating in the financing of U.S. E&P assets, particularly shale / unconventional assets, with the ability to finance a variety of assets through multiple structures

Security

Eclipse / GSO Capital Partners	Chesapeake / EIG Global Energy Partners	Hilcorp Energy Company / KKR	Triangle Petroleum Corporation / Natural Gas Partners
$400 MM Senior Notes Placement	$1.25 Billion Preferred Equity Placement (CHK Utica)	$400 MM Eagle Ford Joint Venture	$56 MM Common Equity Private Placement

Debt ⟵⟶ Equity

Commodity

Caerus Oil and Gas LLC / TPG	Templar Energy LLC / First Reserve Corporation	Comstock Resources / KKR	Venado Oil & Gas / River Stone / EnCap Investments L.P.
Undisclosed Equity Commitment (Acq. PDC's Piceance Assets)	Undisclosed Equity Commitment (Acq. Forest Oil's Mid Con Assets)	$216 MM Eagle Ford Joint Venture	$275 MM Equity Commitment

Gas ⟵⟶ Oil

Maturity

Venari / Warburg Pincus	Exco / KKR	Halcón Resources / CPP Investment Board	Fieldwood Energy / River Stone
$1.125 B Equity Commitment	$131 MM Eagle Ford Joint Venture	$300 MM Common Equity Investment	Undisclosed Equity Commitment (Acq. Apache's GOM Assets)

Early Stage ⟵⟶ Mature

Size

Exco / KKR	Templar Energy LLC / First Reserve Corporation	Fieldwood Energy / River Stone	Samson / KKR
$131 MM Eagle Ford Joint Venture	Undisclosed Equity Commitment (Acq. Forest Oil's Mid Con Assets)	Undisclosed Equity Commitment (Acq. Apache's GOM Assets)	$4.1 B Equity Contribution ($7 B LBO)

Smaller ⟵⟶ Larger

Unique Private Capital Solutions Exist for the Right Assets

Key Points

- Jefferies expects the market for these types of securities to widen, and the cost of private capital to continue to fall

Energy September 2013
Pending

$1,700,000,000

Private Placement of Equity and Debt to an investor consortium led by **The Energy & Minerals Group (Equity) and GSO Capital Partners LP (Debt)**
Sole Financial Advisor and Sole Placement Agent

- Issuer: American Energy – Utica, LLC
- Investors: Equity investor group led by The Energy & Minerals Group and debt investor group led by GSO Capital Partners
- Deal Size: $1.7 B
- Type of Security: Equity and Term Loan
- Type of Offering: Private Placement
- Use of Proceeds: Acquire and develop assets in the southern portion of the Utica Shale of eastern Ohio

Energy April 2012

Chesapeake ENERGY

$1,250,000,000

Private Placement to Investors led by **GSO Capital Partners, LP**
Sole Placement Agent

- Issuer: Chesapeake Cleveland Tonkawa, LLC
- Investors: EIG Global Energy Partners, GSO Capital Partners and Magnetar Capital
- Deal Size: $1.25 B
- Type of Security: Preferred Equity with ORRI
- Type of Offering: Private Placement
- Use of Proceeds: Distribution to CHK / Working Capital for CHK C-T

Energy June 2013

eclipse RESOURCES

$400,000,000

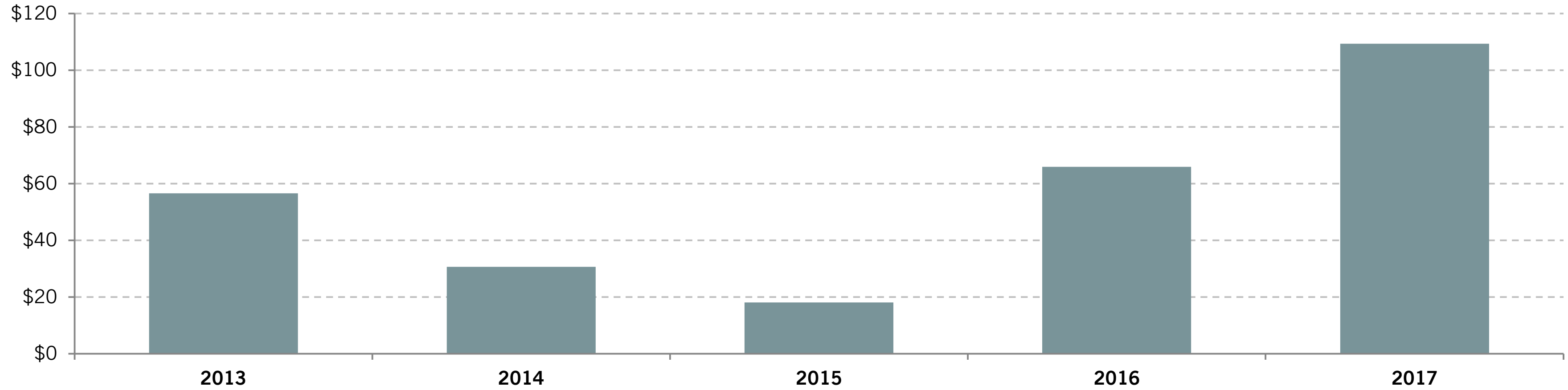
Private Placement to Investors led by **GSO Capital Partners**
Sole Placement Agent

- Issuer: Eclipse Resources I, LP, which holds ~100,000 net acres in the Utica
- Investors: GSO Capital Partners and Magnetar Capital
- Deal Size: $400 MM; $300 MM initially, $100 MM over 12 months
- Type of Security: Senior Unsecured Notes
- Type of Offering: Private Placement
- Use of Proceeds: Fund acreage acquisition and provided development capital

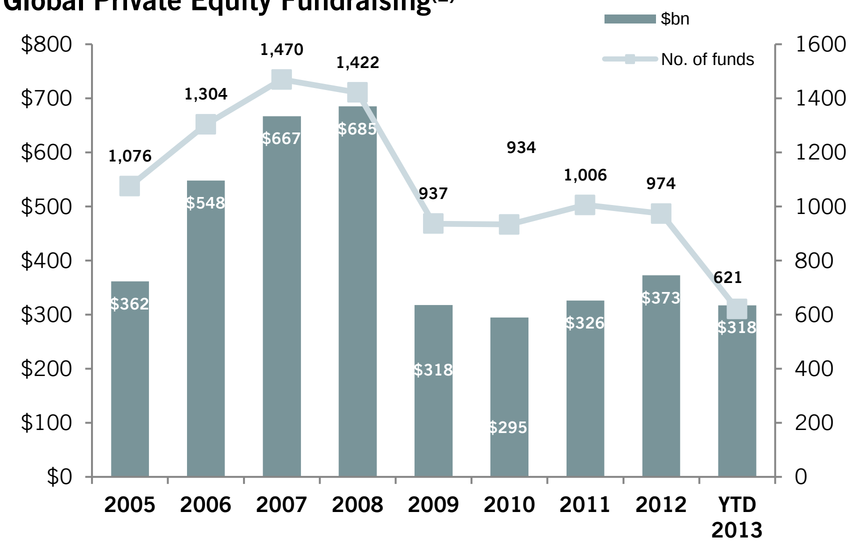
Note: All information based on public disclosure.

Private Equity Fund Dynamics
($Billions)

Non-Invested Capital in PE Funds by Year of Expiration[1]



Global Private Equity Fundraising[2]



"Dry Powder" in Global Buyout Funds[3]

(1) Source: Pitchbook. Data is as of Sep 30, 2013. Assumes a five-year investment period.
(2) Source: Preqin. Includes all classes of private equity.
(3) Source: Preqin. Excludes venture capital, real estate and other funds.

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Conclusions

M&A Market

- $40 B run-rate in 2013 with strong momentum heading into 2014
- Buyer universe diversifying as MLPs and PE play more prominent role
- Multi-billion deals less likely but still occasionally will occur
- Single-well economics and huge drilling inventories driving further consolidation within individual basins

Public Equity Market

- Major U.S. indices at all-time highs, volatility remains low
- Wall Street estimates for E&P sector continue to improve with large caps leading the way
- Energy sector valuations continue to rise as issuance remains strong
  - Strong price support for liquids-rich opportunities
  - Great demand for top quality E&P IPOs

Public Debt Market

- High yield market is open and continues to offer near record rates to issuers
  - Market remains strong and much less volatile, with the B index near 6.00%, despite economic uncertainty
- 2013 high yield volume on pace to surpass record levels in 2012 with strong momentum heading into 2014

Private Equity

- Strong appetite for energy investments by generalist and energy-focused funds
- More than $30 B estimated dry powder over next 3 years earmarked for energy investment
  - Energy capital could double assuming 50/50 debt/equity ratio
- Improving metrics in global PE fund-raising and dry powder in global buyout funds